



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-094]

**Refillable Stainless Steel Kegs from the People's Republic of China: Preliminary
Affirmative Countervailing Duty Determination and Alignment of Final Determination
with Final Antidumping Duty Determination**

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of refillable stainless steel kegs (kegs) from the People's Republic of China (China) for the period of investigation (POI) January 1, 2017 through December 31, 2017. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

FOR FURTHER INFORMATION CONTACT: Nicholas Czajkowski or Robert Brown at (202) 482-1395 or (202) 482-3702, respectively, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this

investigation on October 16, 2018.¹ On December 4, 2018, Commerce postponed the preliminary determination in this investigation to February 19, 2019.² Commerce exercised its discretion to toll all deadlines affected by the partial federal government closure from December 22, 2018, through the resumption of operations on January 29, 2019.³ Accordingly, the revised deadline for the preliminary determination is March 29, 2019.

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov> and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

¹ *See Refillable Stainless Steel Kegs from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 52192 (October 16, 2018) (*Initiation Notice*).

² *See Refillable Stainless Steel Kegs from the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 83 FR 62560 (December 4, 2018). In accordance with Commerce's practice, where a deadline falls on a weekend or federal holiday, the appropriate deadline is the next business day. *See Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 2930, As Amended*, 70 FR 24533 (May 10, 2005).

³ *See* Memorandum from Gary Taverman, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance "Deadlines Affected by the Partial Shutdown of the Federal Government", dated January 28, 2019. All deadlines in this segment of the proceeding have been extended by 40 days.

⁴ *See* "Decision Memorandum for the Preliminary Affirmative Determination: Countervailing Duty Investigation of Refillable Stainless Steel Kegs from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

Scope of the Investigation

The products covered by this investigation are kegs from China. For a full description of the scope of this investigation, *see* Appendix I to this notice.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this preliminary determination and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.⁷ Commerce is preliminarily modifying the scope language as it appeared in the initiation notice.⁸ *See* the revised scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an "authority" that gives rise to a benefit to the recipient, and that the subsidy is specific.⁹ In making these findings, Commerce relied, in part, on facts available, and because one or more respondents did not act to the best of their ability to respond to Commerce's requests for information, Commerce drew an adverse inference where

⁵ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ *See* Initiation Notice.

⁷ *See* Memorandum, *Refillable Stainless Steel Kegs from the People's Republic of China, Germany, and Mexico: Scope Comments Decision Memorandum for the Preliminary Determinations* (March 29, 2019) (Preliminary Scope Decision Memorandum).

⁸ *Id.* at 3-4.

⁹ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

appropriate in selecting from among the facts otherwise available.¹⁰ For further information, see “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

Alignment

In accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on the petitioner’s request,¹¹ Commerce is aligning the final countervailing duty determination in this investigation with the final determination in the companion antidumping duty investigation of refillable stainless steel kegs from China.

All-Others Rate

Sections 703(d)(1)(A)(i) and 705(c)(5)(A) of the Act provide that in the preliminary determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

In this investigation, Commerce preliminarily assigned rates based entirely on facts available for Penglai Jinfu Stainless Steel Products (Penglai Jinfu) and 18 companies that failed to respond to our quantity and value (Q&V) questionnaire.¹² Commerce calculated an individual

¹⁰ See sections 776(a) and (b) of the Act.

¹¹ See Letter, “Refillable Stainless Steel Kegs from the People’s Republic of China: Request for Alignment of the Countervailing Duty Final Determination with the Companion Antidumping Duty Final Determination,” dated March 19, 2019.

¹² Commerce issued Q&V questionnaires to 20 companies. The 18 companies that did not respond to our Q&V questionnaire are: Equipmentines (Dalian) E-Commerce Co., Ltd.; Jinan HaoLu Machinery Equipment Co., Ltd.; NDL Keg Qingdao Inc.; Ningbo Direct Import & Export Co., Ltd.; Ningbo Hefeng Container Manufacture Co., Ltd.; Ningbo Hefeng Kitchen Utensils Manufacture Co., Ltd.; Ningbo HGM Food Machinery Co., Ltd.; Ningbo Jiangbei Bei Fu Industry and Trade Co., Ltd.; Ningbo Sanfino Import & Export Co., Ltd.; Ningbo Shimaotong International Co., Ltd.; Ningbo Sunburst International Trading Co., Ltd.; Orient Equipment (Taizhou) Co., Ltd.; Qingdao Henka Precision Technology Co., Ltd.; Shandong Tiantai Beer Equipment; Sino Dragon Trading International; Wenzhou Deli Machinery Equipment Co.; Wuxi Taihu Lamps and Lanterns Co., Ltd.; and Yantai Trano New Material Co., Ltd.

estimated countervailable subsidy rate for Ningbo Master International Trade Co., Ltd. (Ningbo Master) and its cross-owned affiliates Tomorrow Industrial Limited (Tomorrow Industrial), Ningbo Major Draft Beer Equipment Co., Ltd. (Ningbo Major), and Zhejiang Major Technology Co., Ltd. (Major Technology). Because the only individually calculated rate is not zero, *de minimis*, or based entirely on facts otherwise available, the rate calculated for Ningbo Master is also assigned to all-other producers and exporters.

Preliminary Determination

| Company | Net Subsidy Rate (Percent) |
|---|---------------------------------------|
| Equipmentines (Dalian) E- Commerce Co., Ltd. | 144.30 |
| Jinan HaoLu Machinery Equipment Co., Ltd. | 144.30 |
| NDL Keg Qingdao Inc. | 144.30 |
| Ningbo Direct Import & Export Co., Ltd. | 144.30 |
| Ningbo Hefeng Container Manufacture Co., Ltd. | 144.30 |
| Ningbo Hefeng Kitchen Utensils Manufacture Co., Ltd. | 144.30 |
| Ningbo HGM Food Machinery Co., Ltd. | 144.30 |
| Ningbo Jiangbei Bei Fu Industry and Trade Co., Ltd. | 144.30 |
| Ningbo Master International Trade Co., Ltd. ¹³ | 15.78 |
| Ningbo Sanfino Import & Export Co., Ltd. | 144.30 |
| Ningbo Shimaotong International Co., Ltd. | 144.30 |
| Ningbo Sunburst International Trading Co., Ltd. | 144.30 |
| Orient Equipment (Taizhou) Co., Ltd. | 144.30 |
| Penglai Jinfu Stainless Steel Products | 144.30 |
| Qingdao Henka Precision Technology Co., Ltd. | 144.30 |
| Shandong Tiantai Beer Equipment | 144.30 |
| Sino Dragon Trading International | 144.30 |
| Wenzhou Deli Machinery Equipment Co. | 144.30 |
| Wuxi Taihu Lamps and Lanterns Co., Ltd. | 144.30 |
| Yantai Trano New Material Co., Ltd. | 144.30 |

¹³ As discussed in the Preliminary Decision Memorandum, Commerce has found Ningbo Major Draft Beer Equipment Co., Ltd., Tomorrow Industrial Limited and Zhejiang Major Technology Co., Ltd. to be cross-owned with Ningbo Master International Trade Co., Ltd.

| | |
|------------|-------|
| All Others | 15.78 |
|------------|-------|

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

Suspension of Liquidation

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case

briefs, may be submitted no later than five days after the deadline date for case briefs.¹⁴ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) A statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination.

¹⁴ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: March 29, 2019.

Gary Taverman,

Deputy Assistant Secretary

*for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.*

Appendix I

Scope of the Investigation

The merchandise covered by this investigation are kegs, vessels, or containers with bodies that are approximately cylindrical in shape, made from stainless steel (*i.e.*, steel containing at least 10.5 percent chromium by weight and less than 1.2 percent carbon by weight, with or without other elements), and that are compatible with a “D Sankey” extractor (refillable stainless steel kegs) with a nominal liquid volume capacity of 10 liters or more, regardless of the type of finish, gauge, thickness, or grade of stainless steel, and whether or not covered by or encased in other materials. Refillable stainless steel kegs may be imported assembled or unassembled, with or without all components (including spears, couplers or taps, necks, collars, and valves), and be filled or unfilled.

“Unassembled” or “unfinished” refillable stainless steel kegs include drawn stainless steel cylinders that have been welded to form the body of the keg and attached to an upper (top) chime and/or lower (bottom) chime. Unassembled refillable stainless steel kegs may or may not be welded to a neck, may or may not have a valve assembly attached, and may be otherwise complete except for testing, certification, and/or marking.

Subject merchandise also includes refillable stainless steel kegs that have been further processed in a third country, including but not limited to, attachment of necks, collars, spears or valves, heat treatment, pickling, passivation, painting, testing, certification or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope refillable stainless steel keg.

Specifically excluded are the following:

(1) vessels or containers that are not approximately cylindrical in nature (*e.g.*, box, “hopper” or “cone” shaped vessels);

- (2) stainless steel kegs, vessels, or containers that have either a “ball lock” valve system or a “pin lock” valve system (commonly known as “Cornelius,” “corny” or “ball lock” kegs);
- (3) necks, spears, couplers or taps, collars, and valves that are not imported with the subject merchandise; and
- (4) stainless steel kegs that are filled with beer, wine, or other liquid and that are designated by the Commissioner of Customs as Instruments of International Traffic within the meaning of section 332(a) of the *Tariff Act of 1930*, as amended.

The merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7310.10.0010, 7310.00.0050, 7310.29.0025, and 7310.29.0050.

These HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

SUMMARY

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- A. Initiation and Case History
- B. Postponement of Preliminary Determination
- C. Period of Investigation

SCOPE COMMENTS

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- B. ALIGNMENT
- C. INJURY TEST

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DIVERSIFICATION OF CHINA'S ECONOMY

SUBSIDIES VALUATION

- A. Allocation Period
- B. Attribution of Subsidies
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- A. Short-Term and Long-Term Renminbi (RMB)-Denominated Loans
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USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES

- A. Legal Standard

- B. Application of AFA: Non-Responsive Q&V Questionnaire Recipients
- C. Application of AFA: Penglai Jinfu
- D. Application of AFA: Provision of Electricity for LTAR
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- F. Application of AFA: Export Assistance Grants and Special Funds for International Market Expansion

ANALYSIS OF PROGRAMS

- A. Programs Preliminarily Determined to be Countervailable
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- C. Programs Preliminarily Determined to Be Not Used by Ningbo Master

CALCULATION OF THE ALL-OTHERS RATE

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RECOMMENDATION

APPENDIX

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